State of Florida

General Counsel
ROBERT D. VANDIVER
(904) 413-6248

Public Service Commission

May 6, 1996

BY FEDERAL EXPRESS

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Federal-State Joint Board on Universal Service -- CC Docket No. 96-45

Dear Mr. Caton:

Enclosed are the original and twelve copies, plus a diskette, of the Florida Public Service Commission's reply comments in the above docket. Please date-stamp one copy and return it in the enclosed self-addressed stamped envelope.

Sincerely,

Cynthia B. Miller
Associate General Counsel

CBM/jb
Enclosure
cc: International Transcription Service
2100 M Street, NW
Suite 140
Washington, D.C. 20037

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

In the Matter of:	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

REPLY COMMENTS OF THE
FLORIDA PUBLIC SERVICE COMMISSION

The Florida Public Service Commission (FPSC) submits these Reply Comments in response to Comments on the Federal Communications Commission Notice of Proposed Rulemaking (NPRM) and Order Establishing Joint Board in order to implement key portions of Section 254, Universal Service, of the Telecommunications Act of 1996 (the Act).

In our initial comments, we recommended several potential special services for schools and libraries to be included for universal service support, including voice-grade access lines (POTS), 56 kbps digital services, and ISDN-BRI or other similar services.[1] We also recommended that surveys may be needed to determine the appropriate mix of services to be provided. However, after consideration of the comments provided by others, we now believe the appropriate services are those recommended in our specific comments in parts IV. and V. below.

While a broad range of services has been recommended by other commenters in the original comments, we recommend that the services to be supported by the interstate universal service funds be limited to insure that the amount of funds required remains

[1] 56 kbps service is a digital data service that can be used for data communications needs at speeds of up to 56 kilobits-per-second. ISDN-BRI can deliver integrated digital voice and data services with a maximum data rate of 128 kilobits-per-second.

reasonable and to achieve minimum functionality for all schools and libraries. The FPSC also endorses the "Lab Model" described in the "KickStart Report" referenced by NSBA and other commenters. This model would provide a school access to advanced telecommunications at the computer lab or multimedia room level. Our specific recommendation is described on subsequent pages of these reply comments.

We also wish to reiterate our previous comments in support of advanced services being deployed through "centers of technology" at schools, community centers or libraries.

We will further expand on these comments below.

IV. Schools, Libraries, and Health Care Providers

A. Goals and Principles

Section 254(c)(3) allows the FCC to designate special services for schools, libraries, and health care providers that are in addition to the core services mentioned in Section 254(c)(1). The FPSC currently views Internet access by means of a computer lab as the preferred functional standard for special services for schools and libraries. Through Internet access, educational entities can communicate with each other and with any other facilities linked by the Internet global network.

The FPSC recommends that the FCC establish a nationwide minimum functionality and expressly acknowledge the ability of individual states to further discount the federally discounted

services and/or expand the services that are acceptable for receiving support to provide Internet access.

There are numerous technologies available that make access to the Internet possible. For instance, while Internet connections may be provided via POTS, Internet access may also be achieved by employing DS-1 service at 1.544 megabits-per-second. When discounts are set by the FCC and supported by the interstate universal service mechanisms, it is recommended that special services (in the form of Internet access) be achieved via services such as POTS lines, 56 kbps digital services, ISDN-BRI or any other similar or interoperable services. The FPSC also recommends that the connection charges and the usage charges for these services be discounted and supported by the federal universal support mechanisms. (¶ 71)

Services beyond POTS lines should be included for federal discounts to enable educational entities to consider future as well as present needs when making a decision to purchase telecommunications services. Educational entities have a variety of present and future functional and physical needs, and financial constraints. Services such as 56 kbps and ISDN-BRI can accommodate faster data transfer and support a greater number of applications than a POTS line under current modem technology. In general, as functionality and bandwidth expand, costs rise for installation, usage, and customer premises equipment. Therefore, the FPSC recommends that when discounts are set by the FCC and supported by

the interstate universal service mechanisms, special services for schools and libraries be limited to services such as POTS lines, 56 kbps digital services, ISDN-BRI or any other similar or interoperable services. Currently, to go further in bandwidth and functionality would be cost prohibitive at the national level.[2] In addition, the FPSC suggests that it is advisable for the FCC to focus first on obtaining minimum functionality nationwide. As time passes and minimum functionality is achieved, there may be an added benefit if the current costs of expanded functionality and bandwidth decrease. (¶ 73)

When discounts are set and supported by each state, it is recommended that the FCC expressly acknowledge the option of individual states to further discount the services that are being

---

[2] Generally, in Florida for the Bell Company, the tariffed charge to install 56 kbps digital service and the tariffed charge to install ISDN-BRI tend to fall below the tariffed charge to install DS1 service, with ISDN-BRI much less expensive to install than both 56 kbps digital service and DS1 service. (There is about an $800 difference between the tariffed installation charge for ISDN-BRI and the tariffed installation charge for DS1 service.)

The tariffed monthly service charges for DS1 service are significantly greater than for the tariffed 56 kbps digital service and ISDN-BRI service. DS1's monthly service charges are in the range of $150 plus mileage and usage while 56 kbps service charges in the $50 range plus usage. ISDN-BRI's monthly service charges are in the $100 range.

The most significant difference in cost, however, is in the corresponding customer premises equipment (CPE) expenditures that would be required to make use of these telecommunications services. To make use of either 56 kbps digital service or ISDN-BRI, the CPE expenditure required would likely be below $2,500 (not including PC's). The corresponding figure for the CPE required to make use of DS1 service would likely be in the $75,000 range.

designated at the federal level for discount and/or discount services with greater bandwidth and functionality than those that are being supported by the federal universal support mechanisms. (Section 254(f) authorizes states to adopt additional definitions and standards.) This is appropriate because certain states may find themselves in the situation of requiring a greater discount to obtain minimum functionality than the discount established by the FCC. This is also appropriate because states at the other end of the spectrum may have already achieved ubiquitous minimum functionality and may want to obtain even greater capabilities.

When an individual state elects to further discount the same services being supported by the federal universal service mechanisms, or discount additional services, the burden of the additional discounts is squarely placed on that state. In both instances, flexibility is in order because the technologically "disadvantaged" states will not be burdened with moving the technologically "advantaged" states ahead. In addition, the technologically "advantaged" states will not be over-burdened with helping the technologically "disadvantaged" states catch up. (¶ 73)

B. Schools and Libraries

1. What Services to Support

As stated above, the FPSC prefers that the FCC adopt Internet access by means of a computer lab as the current functional standard for special services for schools and libraries. As to the

services that the FCC should support to achieve Internet access, the FPSC prefers that the FCC focus first on achieving nationwide minimum functionality for all schools and libraries, and then, depending on funding availability, extend discounts to services which provide more than the minimum functionality. The effect of such a policy, among other things, would be to assist financially strapped institutions in attaining the minimum national standard.

There are at least three ways that the FCC could identify services that qualify for interstate support: (1) The FCC could specify the services directly; (2) the FCC could specify a technical standard such as speed; or (3) the FCC could indirectly identify services by setting a dollar limit on the connection and recurring monthly charges of a purchase in order to qualify for a discount.

The FPSC recommends that the FCC initially establish a dollar limit of expenditure. These dollar limits would be the connection charge of 56-kbps digital service and the monthly service charge of ISDN-BRI. When an educational end user purchases a service to acquire Internet access for a computer lab, it would qualify for a discount on connection charges and recurring monthly charges for any service that provided the Internet access as long as the undiscounted price for the service was below the benchmark.[3] (To

[3] In the event funding constraints are not overly burdensome, federally supported discounts could be provided for other Internet access services purchased by schools and libraries, not solely those services which are priced at or below the benchmark level.

avoid any possible market distortions, schools and libraries that have already achieved Internet access by purchasing services that are priced below the benchmark would also qualify for the discount.) By adopting a maximum dollar limit of expenditure to identify services that qualify for interstate support, no exact technical standard or service needs to be adopted by the FCC. (¶ 80)

This proposal has an additional advantage of being on balance, technologically neutral. If wireless or another technology can provide a more efficient way of delivering Internet access, the end user will have the benefit of the discount as well as the option of choosing the cost-effective interoperable service as long as it falls below the benchmark price. (¶ 81)

If the FCC designates special services for schools and libraries in terms of a minimum functionality as proposed in these comments, future advances in telecommunications technologies and services will be accommodated as follows. First, prioritizing the establishment of a nationwide minimum functionality will create an opportunity for the costs of expanded functionality and bandwidth to fall. As time passes and the FCC updates its designation of special services, the minimum functionality level could rise at a lower cost to customers and telecommunications providers. In addition, with the adoption of this priority, the nation's future will be improved because there will be a greater opportunity for U.

S. citizens to share equally in the opportunities presented by the advent of the information age.

Second, by discounting services that are beyond a POTS line, the FCC will consider the present and future functional and physical needs, and financial constraints of education end users. Third, by expressly acknowledging and providing for the individual states' option of discounting and supporting services with greater bandwidth and functionality than those that are being supported by the federal universal support mechanisms, the FCC would facilitate further progress by the technologically "advantaged" states. Last, by maintaining technological neutrality, the FCC would be positioning education end users to take full advantage of present and future technological trends. (¶ 81)

2. How to Implement

a. Establishment of the Interstate Discount for Schools and Libraries

It appears preferable to emphasize obtaining nationwide minimum functionality in both rural and urban areas before attempting to move towards greater functionality. The FCC should consider the number of citizens benefited and at what cost when establishing an interstate discount. In general, when striving to achieve a nationwide minimum functionality, it is preferable to aid a large number of citizens a small amount than a small number of citizens a large amount.

When setting an interstate discount, the FCC should be aware of the incremental cost of the service that is to be discounted and guard that the discounted price does not fall below the incremental cost. In this fashion, the FCC will protect the market from the distortions that could result from services being priced below their cost. (¶ 83)

Certainly an interstate discount that is a percentage of the total price of a service and which discounts both connection charges and recurring monthly charges is going to be more costly than the same percentage of only one of the charges. However, in keeping with the precept that it is preferable to aid a large number of citizens a small amount rather than benefiting a small number of citizens a large amount, it is also preferable to discount both connection charges and recurring monthly charges, even if the total number of dollars of discount is the same. Research findings support the notion that both types of charges constitute considerable obstacles to obtaining telecommunications services for educational entities. It is reasonable to conclude that to give the largest group of people an opportunity to receive telecommunications services for educational purposes, the FCC should discount both connection and usage charges. (¶ 83)

By adopting Internet access as the nationwide minimum functionality and by funding discounts for it via the federal universal service mechanism, the FCC will promote harmony between state and federal efforts to provide elementary and secondary

classrooms and libraries access to advanced telecommunications services. Individual states can then accelerate achievement of the minimum standard and/or achieve greater functionality and bandwidth through discounts funded at the state level. Over time, as a nationwide minimum standard of functionality is achieved, the FCC can expand the minimum standard to include greater functionality and bandwidth. In this manner, the FCC will ensure that access to advanced telecommunications services will become available to classrooms and libraries on a universal basis. (¶ 83)

V. Enhancing Access to Advanced Services for Schools, Libraries, and Health Care Providers

A. Goals and Principles

B. How to Implement

The advanced telecommunications and information services addressed in Section 254(h)(2) should be broader than the minimum functionality standards proposed in these comments. By enhancing access to advanced services, over time, the FCC will be improving availability. Improved availability lowers prices because of competitive forces and because of the economies of scale that are gained by a broader deployment. All educational entities will benefit by greater availability and its adherent prices. (¶ 109)

Respectfully submitted,

Cynthia Miller, Senior Attorney
FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

DATED: May 6, 1996

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

In the Matter of:	)	
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Reply Comments of the Florida Public Service Commission has been furnished to the parties of record on the attached list this 6th day of May, 1996, and a copy will be furnished to all parties on the official list when we receive it.

Cynthia B. Miller
Senior Attorney
FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(904) 413-6082

The Honorable Reed E. Hundt, Chairman
Federal Communications Commission
1919 M Street, N.W. -- Room 814
Washington, D.C. 20554

The Honorable Andrew C. Barrett, Commissioner
Federal Communications Commission
1919 M Street, N.W. -- Room 826
Washington, D.C. 20554

The Honorable Susan Ness, Commissioner
Federal Communications Commission
1919 M Street, N.W. -- Room 832
Washington, D.C. 20554

The Honorable Julia Johnson, Commissioner
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

The Honorable Kenneth McClure, Vice Chairman
Missouri Public Service Commission
301 W. High Street, Suite 530
Jefferson City, MO 65102

The Honorable Sharon L. Nelson, Chairman
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

The Honorable Laska Schoenfelder, Commissioner
South Dakota Public Utilities Commission
500 E. Capital Avenue
Pierre, SD 57501

Martha S. Hogerty
Public Counsel for the State of Missouri
P.O. Box 7800
Harry S. Truman Building, Room 250
Jefferson City, MO 65102

Deborah Dupont, Federal Staff Chair
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Paul E. Pederson, State Staff Chair
Missouri Public Service Commission
P.O. Box 360
Truman State Office Building
Jefferson City, MO 65102

Eileen Benner
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

Charles Bolle
South Dakota Public Utilities Commission
State Capital, 500 E. Capital Avenue
Pierre, SD 57501-5070

William Howden
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Lorraine Kenyon
Alaska Public Utilities Commission
1016 West Sixth Avenue, Suite 400
Anchorage, AK 99501

Debra M. Kriete
Pennsylvania Public Utilities Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Clara Kuehn
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Mark Long
Florida Public Service Commission
2540 Shumard Oak Blvd.
Gerald Gunter Building
Tallahassee, FL 32399-0850

Samuel Loudenslager
Arkansas Public Service Commission
P.O. Box 400
Little Rock, AR 72203-0400

Sandra Makeeff
Iowa Utilities Board
Lucas State Office Building
Des Moines, IA 50319

Philip F. McClelland
Pennsylvania Office of Consumer Advocate
1425 Strawberry Square
Harrisburg, Pennsylvania 17120

Michael A. McRae
D.C. Office of the People's Counsel
1133 15th Street, N.W. -- Suite 500
Washington, D.C. 20005

Rafi Mohammed
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Terry Monroe
New York Public Service Commission
Three Empire Plaza
Albany, NY 12223

Andrew Mulitz
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Mark Nadel
Federal Communications Commission
1919 M Street, N.W., Room 542
Washington, D.C. 20554

Gary Oddi
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Teresa Pitts
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Jeanine Poltronieri
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

James Bradford Ramsay
National Association of Regulatory Utility Commissioners
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

Jonathan Reel
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Brian Roberts
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Gary Seigel
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Pamela Szymczak
Federal Communications Commission
2000 L Street, N.W., Suite 257
Washington, D.C. 20036

Whiting Thayer
Federal Communications Commission
2000 L Street, N.W., Suite 812
Washington, D.C. 20036

Deborah S. Waldbaum
Colorado Office of Consumer Counsel
1580 Logan Street, Suite 610
Denver, Colorado 80203

Alex Belinfante
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Larry Povich
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Attachment A

DOCUMENT OFF-LINE

This page has been substituted for one of the following:

o An oversize page or document (such as a map) which was too large to be scanned into the RIPS system.

o Microfilm, microform, certain photographs or videotape.

X Other materials which, for one reason or another, could not be scanned into the RIPS system. DISK

The actual document, page(s) or materials may be reviewed by contacting an Information Technician. Please note the applicable docket or rulemaking number, document type and any other relevant information about the document in order to ensure speedy retrieval by the Information Technician.